

VISTAS

MARKETING ONTARIO'S EXPERTISE ABROAD

VOLUME 1, NUMBER 2, 1991

CA20N
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ONTARIO
INTERNATIONAL
CORPORATION

The African Business
Round Table met in the
Board Room of the
Bank of Montreal.



AFRICA "OPEN FOR BUSINESS" VISITING CEOs TELL ONTARIO

What is the outlook for business ventures in Africa?

A full-day meeting during May in Toronto of the African Business Round Table with senior executives of two dozen Ontario companies engaged in international trade produced these insights and observations:

- In Africa, the private sector is taking over from government as the driving force of the economy. "The spirit of private enterprise is very much on the march,"

says Babacar Ndiaye, the president of the African Development Bank and chairperson of the African Business Round Table. "Private enterprise will harness the resources of the continent where other methods have failed."

- Governments throughout Africa are actively encouraging the growth of the private sector through such measures as tax incentives, duty free zones, and one-stop (continued on page 3)

PROFESSIONAL FIRMS FIND "PARTNERING" IS THE WAY TO UNITED STATES MARKET

The key to expanding the client base for Ontario professionals into the United States is to obtain credentials to work within that market. Partnering with American firms is the fast way to develop those credentials.

That is the consensus view emerging from a first-of-a-kind seminar this past May in Toronto on "partnering" between firms of architects, engineers and other professionals in Ontario and the United States. (continued on page 6)

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**SPECIAL
ISSUE**

- Africa: Continent on the verge of change
- The Ontario Connection at Ghana's Stock Exchange
- Joint Ventures

EUROPEAN COMMUNITY WELCOMES SPECIAL SKILLS

Europe is a potential market for Ontario firms with special skills. Bob Decent, OIC Area Director, Western Europe, would like to hear from specialized Ontario companies that want to do business in Europe and have something unique to offer.

The potential exists for firms engaged in engineering, architecture, design and many other areas of consulting. Through OIC, the Ontario firms could be matched with complementary companies in Europe to pursue projects jointly in the European Economic Community or elsewhere. ♦

JOINT VENTURE COMPANIES ROUTE TO FOREIGN MARKETS

To conduct business away from home you most often need an associate or team to be successful. In the future more and more companies will pool their resources and talent to compete internationally.

A joint venture company, bringing together the complementary and special skills of two companies, Canadian and American, illustrates a trend in international marketing of services.

In this instance, the joint venture was formed to allow two well established engineering firms to pool their talents to compete for environmental engineering projects in the United States.

The joint venture company is Parsons Brinckerhoff Gore & Storrie Inc, which has its headquarters in New York. The new company was formed last year by Gore & Storrie Limited of Toronto and Parsons Brinckerhoff Inc. of New York. Both companies continue to operate independently in their own separate markets.

Peter Steele, vice-president of PBG&S, describes the joint venture as a marriage. The union, where PB was the active suitor, allows G & S to combine its highly developed expertise in water and waste

water engineering with PB's recognized skills in transportation engineering.

Steele says that to conduct business away from home you most often need an associate or team to be successful. He describes the different stages of association as dating (where companies get together for a specific project) or going steady (where companies have the right of first refusal). The final stage is marriage, or getting together on a permanent 50/50 basis.

That's the route taken by G & S to bring its services to the United States market. It's a route likely to be followed by other companies.

G&S was founded in Toronto in 1919 by William Gore and William Storrie, both civil engineers and Dr. George Nasmith, a bacteriologist and public health specialist. The company says it is now "one of Canada's foremost consulting engineering firms practising exclusively in the environmental field. engineering and science." ♦

FUND HELPS EXPORTERS OF ONTARIO EXPERTISE

Ontario companies seeking to export their expertise and capital goods outside of Canada may qualify for financial support from the International Projects Fund of OIC.

The Fund provides loans of up to \$50,000 per project on a shared basis against certain costs of pursuing international projects. Funds are provided to offset the costs of preparing pre-feasibility and feasibility studies, bid or performance bonds, project proposals, pre-qualification documents, project investigations and costs associated with bringing in buyers.

Guidelines and application forms are available from OIC, Toronto, (416) 965-3013. ♦

AFRICA "OPEN FOR BUSINESS" (CONT'D FROM PAGE ONE)

administrative offices to help companies work through the bureaucratic maze.

- African business leaders are working to change the perception of the continent from the image of poverty and malnutrition to that of progress and business pragmatism. The Ontario business people were told by J.B. Kangwana, a prominent lawyer-publisher in Kenya that "we must persuade and convince you that there is another side of Africa — the successful side we represent."

- Canadian firms have great difficulty in identifying prospective private sector partners in Africa. An Ontario management consultant, Barbara Lamb, says "reaching governments in Africa is difficult but finding the private sector is even more of a mystery."

The African Business Round Table (ABR), formally established in 1990, is composed of CEOs from major private sector companies on that continent. It has 31 members, 16 of whom made the trip to Canada.

During its first visit here the ABR also met with senior federal and Quebec government and business groups from Western Canada. Participants in the Ontario meeting heard presentations from the Ministry of Industry Trade & Technology and the Ministry of Agriculture & Food. Discussions continued at an open forum in the board room at Bank of Montreal. The day's events were organized by OIC.

Frank Miller, chairman of OIC, in welcoming the visitors, said that Ontario has a wealth of technology, resources and professional services to offer the countries of Africa. In response, Mr. Ndiaye indicated that African companies were ready to engage in business ventures with Ontario firms. "We can provide you with partners who are interested in sharing the risk and doing business with you."

Mr. Ndiaye said changes occurring in Africa will help Canadian companies to tap into the African market. The move is toward more open economies. Among the factors encouraging investment is the easing of currency controls.

"The true potential of Africa is not understood. Canadians frequently read about poverty in Africa. They probably never read about the progress in the economy that saw a real gain of 3.8 percent in GNP in Africa for 1990. That was a most encouraging development as it was the first increase since 1985."

The visitors from Africa had other advice for Ontario business people. One reminded them that Africa must be viewed for what it is, a big continent with many separate states. It should not be regarded as one market. To

conduct business in Africa, Canadians must appreciate the fundamental differences in the economies of countries and regions.

"We want your technology and your expertise," said another visitor. Yet

another advised Ontario firms seeking opportunities to look to the private sector in Africa. "As your partners in the private sector, take our advice. It is the beginning of understanding and working together."

Mr. Ndiaye noted that Canada has invested about \$3 billion in the African Development Fund — fourth largest contributor among non-African countries — yet it is not receiving its fair share of projects. He said this imbalance must be corrected.

Canadian companies who seek to right this imbalance will find Africa open for business. They will have access to trainable people, abundant resources, and the culture and "enduring beauty of our continent." ♦

The message from Frank Miller, Chairman, Ontario International Corporation, is that Ontario has the resources and the technology to participate in African development.



ONTARIO'S KNOW-HOW DEVELOPS GHANA'S STOCK EXCHANGE

On the west coast of Africa, the co-operation of Ontario's private and public sectors in the financial field has brought about the start of a new institution.

It is the Ghana Stock Exchange, which meets every Tuesday and Friday mornings in a well identified office with a visitors' gallery. The Ontario connection started in 1988.

During a regular visit to Ghana, Kim Harris, OIC's Area Director for Africa, heard about a plan to set up a stock exchange. A committee, headed by the Governor of the Bank of Ghana, was about to approve the start-up based on a model of the Irish Stock Exchange in Dublin.

Harris had another recommendation. Through many contacts and meetings on

the scene in Accra, she persuaded the Ghanaian committee to consider the Toronto Stock Exchange as a model.

The Ghanaians hadn't thought about Canada as a source for ideas on how to organize its exchange or capital markets. But they agreed to take a look. Two senior officials ultimately arrived in Toronto as guests of the Ontario government. The pair spent eight days in meetings, tour and briefings, mainly at the TSE and the Ontario Securities Commission.

When Henry Knight, a specialist in financial institutions and capital markets from Coopers & Lybrand in Toronto, heard about the project the Ghanaians were already deep in negotiations to have the Exchange in operation. Within a month, Knight answered their call for proposals, flying to Accra to study the situation first-hand. Other trips followed.

Knight's proposals found acceptance. Working with the local committee, guidelines were set to assure that customers of



On trading days, the visitors gallery at Ghana's Stock Exchange is crowded.



The visiting business executives from Africa toured the busy trading floor of the Toronto Stock Exchange.



Bankers from two continents share views as Lloyd Atkinson, Chief Economist, Bank of Montreal, talks to Babacar Ndiaye, President of the African Development Bank and Chairperson of the ABR.

Right: *Through these doors is the new Ghana Stock Exchange.*

Far right: *Among the participants in the forum were an American businessman with enterprises in Togo, an industrialist from Nigeria and business executives from Canada.*



Coopers & Lybrand was on hand to provide technical advice. James Chester, experienced in the securities and capital markets field in Canada, gives guidance in such areas as the listing of companies, members' relations, settlement procedures and administration. An important part of the job is the developing of educational and licencing programs for those involved in the market.

A basic Ghana Securities Course has been prepared for study by brokers, financial journalists and interested investors.

Knight says there are perhaps as many as 25 developing countries that would welcome expertise from Ontario in the setting up and regulating of stock exchanges and capital markets. ♦



ABR BOOSTS BUSINESS, EGYPT TO ZIMBABWE

The African Business Round Table (ABR) is Africa's first major business organization devoted exclusively to promoting the private sector in Africa. Its membership, of CEOs from 31 leading corporations, spans the continent, from Egypt to Zimbabwe. The ABR's principal aims include:

- To attract foreign investment to Africa
- To communicate the message that the economic environment of Africa is undergoing dramatic change as governments liberalize their economies
- To support Africa's entrepreneurs, and promote intra-African trade and investment. ♦



One hundred and forty professionals from Ontario, New York, Michigan and Illinois took part in the discussions.

Credentialism is an issue because Canada and the U.S. have not yet solved the problem of mutual recognition of professional credentials. Since there often are no common standards, alternative methods of gaining access to trans-border markets are found. As many Ontario companies have discovered, creating partnerships and alliances with U.S. firms are successful ways of circumventing these barriers.

An Ontario company can overcome certification problems by working as a consultant, leaving responsibility for contracting to the U.S. partner. As Hillel Roebuck, Registrar of the Ontario Association of Architects, pointed out, "the key is collaboration."

Firms in Ontario and the U.S. cite the benefits of alliances. John Hoban of Parsons Brinckerhoff Inc., New York, said one of the principal benefits of partnering is the opportunity to engage expertise not available locally. Partnerships add to the expertise of both parties and increase the ability to enter new markets.

According to James Balsillie of industrial automation specialists Sutherland-Schultz Ltd. in Kitchener, Ontario, "the best approach is to balance investment and expectation with current returns, risk a little and then evaluate, and control your niche capability." He sees the importance of exploiting a specific market and staying flexible in partnership agreements.

Business people attending the seminar said that while getting involved in partnering is a delicate and time-consuming process the payoff was definitely worthwhile. Among the advantages are acquiring inside knowledge of unfamiliar markets, sharing of risks and establishing bonds that can ensure perpetuity.

When planning to do business across the border, Ontario and U.S. firms are often overwhelmed by the requirements to be met. Obstacles range from regulations regarding citizenship, or at least residency, to differences and complications in taxation.

Regarding residency and citizenship, John Garofano, Port Director of U.S. Immigration

and Naturalization Service in Toronto, pointed out that the alternative to obtaining a "green card" (which allows the holder to work in the U.S.) is a date-specific temporary business permit. This permit is applicable for partnerships and professionals. Pre-application consultation services are provided by U.S. immigration and applicants now have access to same day service at port of entry.

With respect to taxation and legal issues, John Barber, an American lawyer based in Toronto, said partnering confers tax exemptions and reporting options to foreign firms. The range and complexity of reporting obligations point to partnering as the best option for Ontario service professionals.

Where are the opportunities for Ontario firms and professionals in the United States market? Colin Macfarlane, OIC's Area Director for the United States, identified a number of starting points.

The potential includes industrial environmental control, from alternative packaging products and fuel, to pollution and waste control. Another area with potential across the border for Ontario is specialized architecture and maintenance, including indoor recreation facilities, airport development, military bases, roads and waterways. Management training services, such as for hospitals and nursing homes, is another area with project potential for Ontario firms.

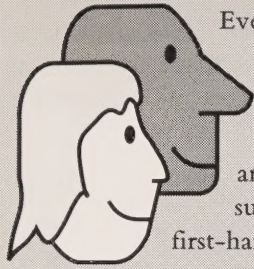
George Musgrove, Canadian Consul General in Buffalo, in opening the seminar, said the Free Trade Agreement has "provided an atmosphere of participation at the border, and a binational infrastructure for networking."

Michael Durkee, U.S. Consul General in Toronto, said, in a luncheon address, that business professionals should take matters into their own hands. They should fill the gaps left by a traditional Free Trade Agreement which deals specifically with trade practices, not the provision of professional services. "Partnering is a rational business strategy," he said.

The seminar was jointly sponsored by the American Consulate General, Toronto, the State of New York, the State of Illinois and the Ontario International Corporation. ♦

An Ontario company can overcome certification problems by working as a consultant, leaving responsibility for contracting to the U.S. partner.

FAX, MODEM FINE, BUT FACE-TO-FACE BEST LEAD TO JOB



Even in this era of "fax" and modem, the best way to make the right connections for international business is still through face-to-face meetings.

That's the experience at OIC where the process is described in plain talk as client, suitcase and foreign buyer. In most instances, the clients are Ontario firms or professionals with the capability to do the job; the suitcase refers to OIC's travelling Area Directors who make the early first-hand contact with the foreign buyer in the country needing the project.

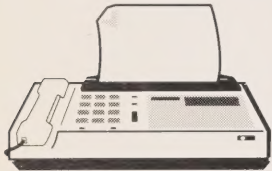
Jim Wessinger, Vice-President, International Marketing, says the best intelligence on potential international work comes through personal meetings abroad. Through this process, OIC frequently is able to identify a project and match it with Ontario companies most competent in the required area of expertise.

Wessinger says the trend is toward larger capital projects. Groups of companies (consortia or joint ventures) stand a much better chance of competing for these projects than individual firms. Timing for the bids is also critical. OIC tries to identify the opportunity before the project has gone to tender. The project must have a high likelihood that it will be funded.

Wessinger sees opportunities for Ontario's expertise in larger capital projects in middle-size countries throughout the world. Customers are most likely to be governments engaged in such ongoing projects as building the infrastructure (e.g. transportation, environment control) to cope with the rapid urbanization and migration to cities.

Wessinger says OIC continually seeks to talk to companies in Ontario looking for international contracts. What is required are companies that are aggressive, have understanding of the international marketplace and have the capability to do the job. ♦

The fax machine is fine but the best intelligence on potential international work comes through personal meetings abroad.



OVERLOOKING TRAINING MEANS LOSING BUSINESS

Opportunities for Ontario firms and professionals don't end when their international projects are in place. There's even greater potential for education and training necessary to keep the project operational.

Follow-up training programs should be an integral part of the services offered. Anna Stahmer, a consultant on delivery systems for education and training, says overlooking training means losing out on the full business potential.

Ms. Stahmer's consulting assignments include the World Bank, international development agencies, global communication companies, and government departments and the private sector in Canada.

She sees opportunities for Ontario professionals in developing and formulating the

right training systems. At the moment, the export from Canada of such educational training components is very low.

Ms. Stahmer says Ontario companies seeking international contracts should begin by thinking in terms of joint ventures.

For professionals seeking international business, she has these tips: acquire a sound perspective of what is possible and what is not; understand government procedures; have patience and know the approval steps. "In most instances, contracts outside Canada means working with local companies," says Ms. Stahmer. "Remember that you are an outside consultant. It's necessary to be attuned to local culture and political decision-makers."

Anna Stahmer is a member of the Board of Directors of OIC. ♦

EARLY SPADE WORK GIVES RISE TO BANGKOK TOWER

A telecommunications tower, scheduled to rise 440 meters in Bangkok, Thailand is getting off the ground as the result of early discussions by OIC in 1987.

Bob Decent, who was OIC's Area Director in Southeast Asia at the time, recalls visiting Bangkok and becoming aware of Thailand's need for an improved telecommunications system. In Toronto, he discussed the need with Paul Brennan, President of Consortrim International Inc. The result was OIC's sponsorship of Consortrim's trip to Bangkok to initiate the project.

This April, Consortrim announced it had signed an agreement with Thailand interests to build the tower (third largest in the world) which also will contain an entertainment complex. Cost of the project was set at \$163 million.

Consortrim's partners on the tower project include NORR Partnership Ltd., Foundation Co. of Canada Ltd., Bennett Wright Ltd., all based in Toronto and CP Communications Services of Montreal. ♦

PROFESSIONAL SERVICE FIRMS CAN TAKE LEAD IN INTERNATIONAL TRADE

Michael Durkee, the American Consul General in Toronto, says professional service firms in Canada and the United States should move beyond trade agreements to shape the future of business rather than waiting for legislation.

Mr. Durkee told Ontario and American professionals (architects, engineers and

others) attending the seminar on "partnering" that the tangle of worldwide licensing requirements could be a major inhibiting factor.

Professional service firms, he said, can take the lead in establishing practices that will result in the free flow of services around the world. ♦

OIC MARKETING TRIPS SCHEDULE

Ontario professionals and firms interested in the export field can co-ordinate their marketing campaigns to coincide with development trips by OIC Area Directors, and/or discuss market conditions on their return. Most have been in their Areas recently and are planning trips this Fall. OIC Area Directors can be reached directly at (416) 965-3013.

- Kim Harris, **Africa**, dates not set.
- Sandra Bruce, **Eastern Europe**, just completed a trip to Czechoslovakia, Hungary, Poland and Lithuania.
- Philip Wong, **Far East**, August - September; Vietnam, People's Republic of China, Taiwan, Mongolia.
- Al Wahba, **Middle East/South Asia**, dates not set.
- Fred Sheehy, **Caribbean and Latin America**, September, Mexico; December, Chile and Mexico.
- Jim Thompson, **Southeast Asia**, dates not set.
- Margaret Vokes, **Asia Pacific**, September - October; Thailand, Malaysia, India.
- Robert Decent, **Western Europe**, October 1 - 11; Ireland, Germany.
- Colin Macfarlane, **United States**, autumn; New York, Boston, Dallas, Atlanta, Chicago, Los Angeles. ♦

*Vistas, number two,
volume one.*

This newsletter is published each quarter during 1991 by the Communications Branch of the Ministry of Industry, Trade and Technology for the Ontario International Corporation.

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*Printed in Ontario,
Canada on recycled
paper.*



ISSN 1183-3114



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